

September 25, 2017

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *Applications for Transfer of Control of the Subsidiaries of General Communication, Inc. to GCI Liberty, Inc.*, WC Docket No. 17-114

Dear Ms. Dortch:

General Communication, Inc. (“GCI”) and Liberty Interactive Corporation (“Liberty Interactive,” together with GCI the “Applicants”) submit this brief response to the latest filing from Alaska Communications Systems (“ACS”).¹ Despite suggesting that it only now has its “first opportunity” to respond to points raised by the Applicants, ACS merely repeats arguments from earlier filings. It offers nothing new, and the Commission should proceed expeditiously to approve the proposed transaction.

1. ACS Still Fails to Raise Any Transaction-Specific Harms. ACS repeats its hypothesis that by becoming part of a larger, more diversified corporate entity, GCI will damage the Alaska communications market. This is simply wrong: “big is bad” is not a theory of competitive harm. The transaction results in no horizontal or vertical consolidation and thus no diminution of competition. The Commission “has held that it will impose conditions only to remedy harms that arise from the transaction (*i.e.*, transaction-specific harms).”² ACS’s proposed conditions are completely divorced from any consequence of the transaction.³ Commission precedent and the record in this proceeding are clear—there are no transaction-specific harms to justify any conditions.

¹ Letter from Karen Brinkmann, Counsel to Alaska Communications, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 17-114 (filed Sept. 18, 2017) (“ACS Sept. 18 Letter”).

² *News Corp. and The DIRECTV Group, Inc., Transferors, and Liberty Media Corp., Transferee*, Memorandum Opinion and Order, 23 FCC Rcd. 3265, 3279 ¶ 26 (2008); *see also, e.g., Applications of Charter Communications, Inc., Time Warner Cable Inc., and Advance/Newhouse Partnership*, Order on Reconsideration, 32 FCC Rcd. 3238, 3241-42 ¶ 8 & n.21 (2017) (“The Commission’s transactional review is not an opportunity for the Commission to advance unrelated policy objectives by extracting commitments from the transacting parties in exchange for regulatory approval.”).

³ The Applicants previously addressed ACS’s proposed conditions in detail. *See* Joint Opposition of Applicants to Petitions To Deny and Condition and Reply to Comments, WC Docket No. 17-114, at 7-10 (filed July 5, 2017).

2. Increased Financial Stability is a Public Interest Benefit. ACS suggests that improved financial stability of a communications service provider is not a public interest benefit. Again, Commission precedent and the record in this proceeding are clear. A larger and more stable financial base from which to compete with the ILEC and the nation's two largest mobile wireless carriers—AT&T and Verizon, both of which are facilities-based in Alaska—is a substantial benefit, especially considering the effects of the Alaska recession and the need for additional investment to bring modern communications services throughout the State.⁴ But even if the benefit were relatively minor, it is more than sufficient to support approval of the proposed transaction. Under the Commission's "sliding scale approach" to evaluating benefit claims, when potential harms are "less likely or less substantial," even a lesser showing of the potential benefits is sufficient to demonstrate that the transaction is in the public interest.⁵ Here, where there are no potential harms, the Applicants' benefit showing is more than sufficient.

3. Paragraph 84 of the Alaska Plan Order by Its Terms Applies Only to Transactions Consolidating Two Alaska Plan Participants. ACS ignores entirely the first sentence of Paragraph 84, in which the Commission stated that it "decline[d] to adopt ACS's proposed condition to deny transfer of support received by a competitive ETC participating in the Alaska Plan in all instances of transfer of customers or other affiliation or acquisition of one participating carrier by another."⁶ Instead, in the second sentence, the Commission delegated authority to the Wireless Telecommunications Bureau to determine the proportionate amount of support to transfer between the participating carriers. The second sentence of Paragraph 84 can be read only in light of the first. This proposed transaction does not combine two Alaska Plan participants or their customers; accordingly Paragraph 84 does not apply.⁷

* * *

⁴ The Commission routinely approves applications showing that a transfer of control will increase financial stability. *See, e.g., Domestic Section 214 Application Filed for Transfer of Control of National Mobile Communications Corp., d/b/a Sovernet, to Atlantic Tele- Network, Inc.*, Public Notice, 21 FCC Rcd. 159, 160 (Wireline Comp. Bur. 2006) (seeking comment on application claiming that acquired carrier would be placed on "firm financial footing"), *granted*, 21 FCC Rcd. 1498 (Wireline Comp. Bur. 2006); *Domestic Section 214 Application Filed for Transfer of Control of Denton Telecom Partners I, L.P. to Grande Communications, Inc.*, Public Notice, 18 FCC Rcd. 20,412, 20,413 (Wireline Comp. Bur. 2003) (seeking comment on Applicants' claim that the transaction would place the acquired carrier on "firm financial footing"), *granted*, 18 FCC Rcd. 23,256 (Wireline Comp. Bur. 2003).

⁵ *See, e.g., Application of AT&T Mobility Spectrum LLC and Club 42CM Limited Partnership*, Memorandum Opinion and Order, 30 FCC Rcd. 13,055, 13,074 ¶ 40 (2015).

⁶ ACS Sept. 18 Letter at 3; *Connect America Fund et al.*, Report and Order and Further Notice of Proposed Rulemaking, 31 FCC Rcd. 10,139, 10,166 ¶ 84 (2016).

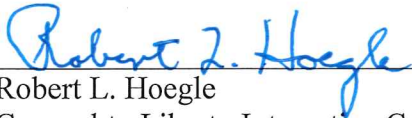
⁷ The Applicants have already responded in detail to this argument. *See Responses of Applicants*, WC Docket No. 17-114, at 2-3 (filed Aug. 22, 2017).

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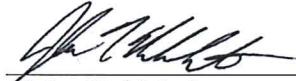
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The record in this proceeding is complete and demonstrates that the proposed transaction is in the public interest. The Applicants respectfully urge the Commission to grant the necessary approvals as quickly as possible.

Respectfully submitted,



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